



**Ernie Fletcher**  
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**Teresa J. Hill, Secretary**  
Environmental and Public  
Protection Cabinet

**Timothy J. LeDonne**  
Commissioner  
Department of Public Protection

Commonwealth of Kentucky  
**Environmental and Public Protection Cabinet**  
**Public Service Commission**

211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460

**Mark David Goss**  
Chairman

**John W. Clay**  
Vice Chairman

**Caroline Pitt Clark**  
Commissioner

**NEWS RELEASE**

Contact:  
Andrew Melnykovich  
502-564-3940, ext. 208  
502-330-5981 (cell)

**PSC ACCEPTS SETTLEMENT IN DELTA GAS RATE CASE**  
*Increase is one-third less than original request*

FRANKFORT, Ky. (Oct. 19, 2007) – The Kentucky Public Service Commission (PSC) today accepted a settlement that grants Delta Natural Gas Company, Inc. a 6.4 percent increase in annual revenue from natural gas base rates.

The amount of the increase is \$3.92 million - \$1.72 million less than the \$5.64 million that Delta had requested.

Under the settlement, residential natural gas customers will see their monthly fixed customer charge increase from \$10 to \$15.50. The \$5.50 increase is \$4.44 less than Delta had originally sought from the PSC.

The monthly fixed charge is intended to cover those costs of providing service that are independent of the amount of gas a customer uses.

The settlement leaves the volume-based delivery charge unchanged at \$4.16 per 1,000 cubic feet of gas.

The actual cost of the gas itself is, by federal law, unregulated and fluctuates with market conditions. The wholesale cost of natural gas is passed on to customers on a dollar-for-dollar basis, with no profit for the gas company. The wholesale cost of natural gas has nearly doubled since 2003.

The settlement also grants Delta increases in reconnection, bad check and debt collection charges to reflect increased costs in those areas.

Delta is one of five major local natural gas distribution companies in Kentucky. It serves about 37,300 customers in 23 counties in central and eastern Kentucky.

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## **PSC ACCEPTS SETTLEMENT IN DELTA GAS RATE CASE – Page 2**

Under the settlement, which was negotiated by Delta and the Kentucky Office of the Attorney General, the new rates take effect tomorrow (Oct. 20).

Delta's last rate case, which was concluded in November 2004, resulted in a \$2.76 million increase in annual operating revenue, or about \$5 per customer.

Today's order, as well as other case documents and videos of hearings in the case, can be found on the PSC Web site, which is [psc.ky.gov](http://psc.ky.gov). The case number is 2007-00089.

The PSC is an independent agency attached for administrative purposes to the Department of Public Protection in the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the commonwealth of Kentucky and has approximately 110 employees.

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**RATE CHART FOLLOWS**

## DELTA GAS RATES

All numbers based on an “average” customer using an average of 4,820 cubic feet of gas per month (57,840 cubic feet per year) and the wholesale gas cost as of 10/20/2007

	As of 10/18/07	Rate requested by Delta	Rate approved by PSC (in effect 10/20/07)
Customer charge	\$10.00	\$19.94	\$15.50
Gas delivery charge	\$20.05 (\$4.16/mcf)	\$20.05 (\$4.16/mcf)	\$20.05 (\$4.16/mcf)
Research & development Rider	\$0.002/mcf \$0.01	\$0.002/mcf \$0.01	\$0.002/mcf \$0.01
<b>TOTAL LOCAL SYSTEM CHARGES</b>	<b>\$30.06</b>	<b>\$40.00</b>	<b>\$35.56</b>

### WHOLESALE GAS COST PER MONTH (AS OF 10/20/07) - \$12.12 per 1,000 cubic feet

Gas cost charges at \$12.12 per mcf	\$58.40 (for 4.82 mcf)	\$58.40 (for 4.82 mcf)	\$58.40 (for 4.82 mcf)
<b>Total bill – 4.82 mcf/mo.</b>	<b>\$88.46</b>	<b>\$98.40</b>	<b>\$93.96</b>